

ID: CCA_2012032912304032

Number: **201216038**

Office:

Release Date: 4/20/2012

UILC: 3121.01-00

From:

Sent: Thursday, March 29, 2012 12:30:52 PM

To:

Cc:

Subject: RE: Royalty case

That sounds right to me. These payments definitely seem to be compensation for services (wages) that should be reported as such on Forms W-2. I can't see any basis for classifying the payments as royalties. The employees are performing services, and they don't have any ownership interest in the property that is generating the income. I think you are on the right track.